



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 30, 2001

CERTIFIED RETURN RECEIPT
7000 0520 0021 7582 9163

Mr. Spenst Hansen
Mammoth Mining Company
44 West Broadway, Suite 704S
Salt Lake City, Utah 84101

Re: Operator's Response to the Division's March 5, 2001 Reclamation Requirements, Mammoth Mine and Exploration Project, Keystone Surveys, Inc. (Keystone Surveys) and Mammoth Mining Company (Mammoth Mining), S/023/041 & E/023/033, Juab County, Utah

Dear Mr. Hansen:

We have completed our review of the April 12 and 27, 2001, letters and reclamation plans which you provided in response to our March 5, 2001 letter. A number of legal questions and opinions are expressed in the April 12th letter from your attorney. Mr. Chavez raises specific questions regarding our interpretation and application of the Minerals rules (R647 *et. seq.*), the Mined Land Reclamation Act (Title 40-8), and the legislative intent of this law. Rather than argue Mr. Chavez's interpretation of the law and its applicability, we choose to move forward and offer the following proposal to resolve the outstanding reclamation concerns associated with this project. This letter is formatted similarly to our March 5, 2001 letter, and addresses each of the three previous areas of concern separately.

Concern #1

Mammoth Small Mine Permit – S/023/041

It is apparent from your correspondence and personal discussions that you intend to use portions of the private land contained within the Mammoth Mine permit and the Exploration Project area for your personal future development plans. The Division acknowledges the right of the private landowner to request a change in the *post mining land use*, which you did in your November 13th submittal. The current buildings and

roads are considered useable and the Mammoth Town Development Corporation has agreed to maintain and use the roads to further its *post mining land use* as a town development project. Consequently, the Division will accept the proposed *post mining land use*, for the Mammoth project area with the following condition:

1. The property owner will assume full responsibility for: the continued use and maintenance of the identified features and structures, all existing or future public safety and health concerns, and any associated environmental liabilities related to the final disposition of this property. The Operator must provide the Division with a sworn and notarized affidavit with these provisions, before we can retire the Mammoth small mine permit and exclude those requested features which are tied to *the post mining land use* proposal (DOGM file #S/023/041).

A 30 day temporary suspension of the \$25,500 transitional reclamation surety requirement is hereby granted, pending receipt of the aforementioned document. Upon our receipt of this notarized document and determination of its adequacy, we will be prepared to formally rescind our requirement for providing the transitional surety.

Concern #2

Mine Disturbances which you stated had no post – 1975 mechanized surface disturbing activities performed

2. The Division proposes the following inspection dates (June 13 – 15, or June 18 – 20, 2001) to evaluate the status of all appropriate mining and exploration related features that were outlined in our previous correspondence. Please let us know which dates would best suit your schedule.

Concern #3

The Company has agreed to reclaim the following openings, pads, etc.

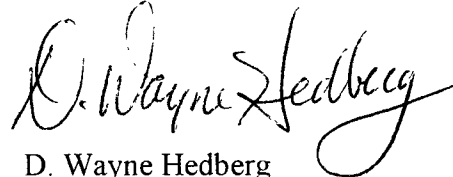
3. In response to the suggested closure plan for the six openings described under Concern #3 in your April 27th letter, it is our opinion that Keystone Survey's closure plans are adequate to properly secure the C.E. Holden Tunnel, Grand Central Tunnel, Plummer Tunnel, Ajax Mine Admit and Drill Pad, Lower Mammoth Tunnel, and the Mammoth 300 foot level Tunnel. Since the operator has committed to adhere to the Operation Practices expressed in Rule R647-2-107 and the Reclamation Practices expressed in Rule R647-2-109, the Division requests that the reclamation plan for these openings also meet the requirements of Rule-4-111(11). Any structures, rail lines, utility connections, equipment, and debris should be buried or removed and the requirements of R647-4-111(12) - Topsoil Redistribution and R647-4-111(13) - Revegetation followed. It is the Division's opinion that the disturbance found around these openings would benefit from

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some supplemental revegetation work, thus helping ensure that these areas are left in a safe and stable, ecological condition.

Please contact me, or Tom Munson of my staff within five days of your receipt of this letter to confirm an acceptable inspection date. Thank you for your immediate attention in helping us resolve these outstanding reclamation concerns. If you have further questions or comments please call me, or Tom Munson at (801) 538-5286 and 538-5321, respectively.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: Carlos M. Chavez, of counsel
Mary Ann Wright, OGM
Tom Munson, OGM
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